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September 29, 2005

Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

✓ Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

RE: Comments Regarding FDIC Application #20051977; Wal-Mart Application for Insurance and Industrial Bank Charter

I am writing on behalf of NCW Community Bank, to comment on the Wal-Mart Stores Inc. application for a Utah industrial bank or industrial loan company charter (ILC) and federal deposit insurance. We oppose the application and strongly urge the FDIC to deny the application. We further request the FDIC to conduct a public hearing on the application and the serious public policy issues it raises.

Wal-Mart's current business plan for the ILC is narrowly described as providing back office processing of credit card, debit card and electronic check transactions in Wal-Mart stores.

Wal-Mart has had a well-publicized mission to get into the banking business despite the existing legal and regulatory barriers established on long-held public policy grounds to prevent the full-blown mixing of banking and commerce in our nation. This is shown in the application itself as it is narrowly drawn. Wal-Mart's repeated past attempts to gain a foothold in banking and combine full-service banking with its retail operations on a nationwide basis give rise to skepticism about its current narrow business plan.

In 2002, Wal-Mart sought to purchase a small California industrial bank. In the face of Wal-Mart's application, the California legislature blocked the acquisition by passing a law prohibiting commercial firms from owning ILCs. Despite any current non-legally binding pledges from Wal-Mart regarding its business plan for a Utah ILC – such as a “no branching” pledge – we see nothing to prevent Wal-Mart from chartering the ILC on a narrow business plan, and later seeking the approval of the Utah Department of Financial Institutions and the FDIC to expand its business and conduct full service banking in its stores. We also see nothing to prevent any conditions placed on the approval of a narrow charter by the Utah DFI being removed in the future upon application by the Wal-Mart ILC.

The current Wal-Mart application illustrates that the affiliation of banks and non-banking companies presents conflicts of interest and safety and soundness concerns. Federal Reserve Chairman Alan Greenspan has repeatedly argued that the mixing of banking and commerce presents safety and soundness concerns and poses the specter that the federal safety net protecting depositors of insured institutions will spread to non-depository affiliates, thereby introducing additional risks to the deposit insurance funds and the taxpayers.

The enormous size of Wal-Mart poses a risk to the Bank Insurance Fund and taxpayers in the event Wal-Mart experiences financial difficulties.

My stated reasons are sound and I strongly recommend the FDIC to reject Wal-Mart's application for federal deposit insurance for a Wal-Mart ILC. The application presents serious public policy issues inherent in the mixing of banking and commerce and in the ILC loophole and warrants a public hearing to allow adequate public comment.

The Gramm-Leach-Bliley Act reaffirmed our nation's longstanding principle of separation of banking and commerce. This Act is the foundation for our stable and highly successful economic and financial systems and should not be allowed to be skirted by the world's largest commercial company.

Thank you for your understanding and consideration of this request.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mel J. Hansen", written in a cursive style.

Melvin J. Hansen
President and Chief Executive Officer